

**COPY**

STATE OF INDIANA

**FILED**

INDIANA UTILITY REGULATORY COMMISSION

DEC 31 2008

PETITION OF NORTHERN INDIANA PUBLIC SERVICE )  
COMPANY ("NIPSCO") FOR (1) AUTHORITY TO MODIFY )  
ITS RATES AND CHARGES FOR ELECTRIC UTILITY )  
SERVICE; (2) APPROVAL OF NEW SCHEDULES OF RATES )  
AND CHARGES APPLICABLE THERETO; (3) APPROVAL )  
OF REVISED DEPRECIATION ACCRUAL RATES; (4) )  
INCLUSION IN ITS BASIC RATES AND CHARGES OF THE )  
COSTS ASSOCIATED WITH CERTAIN PREVIOUSLY )  
APPROVED QUALIFIED POLLUTION CONTROL )  
PROPERTY PROJECTS; (5) AUTHORITY TO IMPLEMENT )  
A RATE ADJUSTMENT MECHANISM PURSUANT TO IND. )  
CODE § 8-1-2-42(a) TO (A) TIMELY RECOVER CHARGES )  
AND CREDITS FROM REGIONAL TRANSMISSION )  
ORGANIZATIONS AND NIPSCO'S TRANSMISSION )  
REVENUE REQUIREMENTS; (B) TIMELY RECOVER )  
NIPSCO'S PURCHASED POWER COSTS; AND (C) )  
ALLOCATE NIPSCO'S OFF SYSTEM SALES REVENUES; (6) )  
APPROVAL OF VARIOUS CHANGES TO NIPSCO'S )  
ELECTRIC SERVICE TARIFF INCLUDING WITH RESPECT )  
TO THE GENERAL RULES AND REGULATIONS, THE )  
ENVIRONMENTAL COST RECOVERY MECHANISM AND )  
THE ENVIRONMENTAL EXPENSE MECHANISM; (7) )  
APPROVAL OF THE CLASSIFICATION OF NIPSCO'S )  
FACILITIES AS TRANSMISSION OR DISTRIBUTION IN )  
ACCORDANCE WITH THE FEDERAL ENERGY )  
REGULATORY COMMISSION'S SEVEN-FACTOR TEST; )  
AND (8) APPROVAL OF AN ALTERNATIVE REGULATORY )  
PLAN PURSUANT TO IND. CODE § 8-1-2.5-1 *ET SEQ.* TO )  
THE EXTENT SUCH RELIEF IS NECESSARY TO EFFECT )  
THE RATEMAKING MECHANISMS PROPOSED BY )  
NIPSCO.

INDIANA UTILITY  
REGULATORY COMMISSION

CAUSE NO. 43526

**NORTHERN INDIANA PUBLIC SERVICE COMPANY'S  
SECOND SET OF CORRECTIONS  
TO CASE-IN-CHIEF**

Pursuant to Paragraph 15 of the Prehearing Conference Order in this Cause, Petitioner Northern Indiana Public Service Company ("NIPSCO") submits a correction to the prepared direct testimony and exhibits of Witness Timothy A. Dehring contained in Volume 2 of its case-in-chief filed with the Commission on August 29, 2008.

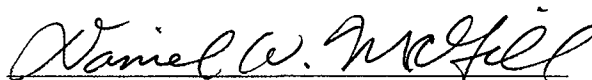
Petitioner's Exhibit TAD-2 of Witness Dehring's testimony has been corrected to reflect a small decrease in some of the amounts shown on the exhibit. A clean copy of the revised exhibit is attached hereto. Petitioner will include the revised exhibit in Witness Dehring's testimony when it is offered into evidence at the hearing in this proceeding.

Petitioner also provides notice that the corrections to the prepared direct testimony and exhibits of its other witnesses shown below will be made on the stand prior to being offered in evidence:

1. Eileen O'Neill Odum Testimony (Volume 1). Petitioner's Exhibit EOO-1,  
Revised Page 12, Line 6 – Change "\$85,744,681" to "\$85,744,828".
2. Linda E. Miller Testimony (Volume 1). Petitioner's Exhibit LEM-3 (Revised),  
Adjustment PF-1 – Change "8.34%" to "8.37%".
3. Linda E. Miller Testimony (Volume 1). Petitioner's Exhibit LEM-5 (Revised),  
Page 20 of 2 – Change "Page 20 of 2" to "Page 2 of 2".
4. Bradley K. Sweet Testimony (Volume 6). Petitioner's Exhibit BKS-1, Revised  
Page 14 – Insert "Revised" in lower right hand corner.
5. Curt A. Westerhausen Testimony (Volume 3). Petitioner's Exhibit CAW-1,  
Cover Page – Change "CAW-4" to "CAW-3".
6. Curt A. Westerhausen Testimony (Volume 3). Petitioner's Exhibit CAW-1, Page  
3, Lines 4 and 5 – Delete "; and Petitioner's Exhibit CAW-4, which contains the  
Rates for Step Two".

7. Curt A. Westerhausen Testimony (Volume 3). Petitioner's Exhibit CAW-1, Page 18, Lines 6-9 – Delete Question/Answer 21 in its entirety.
8. Curt A. Westerhausen Testimony (Volume 3). Petitioner's Exhibit CAW-4 – Delete this exhibit in its entirety.
9. Curt A. Westerhausen. Petitioner's Exhibit CAW-S1, Page 3, Line 12– Delete the word “attached”.
10. Curt A. Westerhausen. Petitioner's Exhibit CAW-S1, Page 3, Line 20– Delete the word “attached”.
11. Mitchell E. Hershberger (Volume 1). Petitioner's Exhibit MEH-1, Page 25, Lines 14 and 15 – Delete “when the plant is approved for inclusion in rate base as part of the Step Two rate adjustment proposed by NIPSCO”.
12. John J. Reed (Volume 6). Petitioner's Exhibit JJR-1, Page 14, Line 3 – Change “study” to “process”.

Respectfully submitted,



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## CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of Northern Indiana Public Service Company's Second Set of Corrections has been served upon the following by email transmission addressed to:

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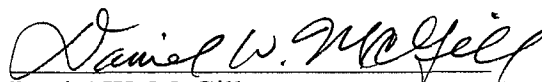
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this 31<sup>st</sup> day of December, 2008.

  
Daniel W. McGill

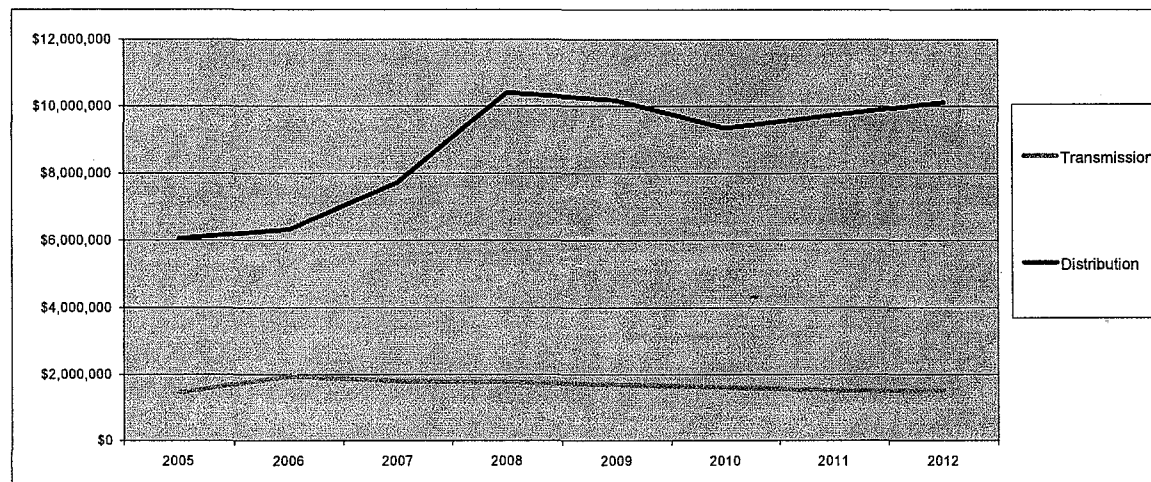
**EXHIBIT TAD - 2**  
**Vegetation Management Work Paper**

Description	2005 Actual <sup>1</sup>	2006 Actual <sup>1</sup>	2007 Actual <sup>1</sup>	2008 Budget <sup>1</sup>	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast
Transmission - Rights of Way	\$1,441,504	\$1,930,114	\$1,785,193	\$1,763,026	\$1,674,875	\$1,591,131	\$1,511,574	\$1,511,574
Distribution - Overhead	\$6,046,090	\$6,323,497	\$7,718,972	\$10,395,395	\$10,164,000	\$9,345,960	\$9,719,798	\$10,108,590
Other Vegetation Management Programs	\$467,104	\$461,818	\$500,247	\$458,798	\$481,738	\$501,007	\$521,048	\$541,890
<b>Total</b>	<b>\$7,954,698</b>	<b>\$8,715,430</b>	<b>\$10,004,411</b>	<b>\$12,617,219</b>	<b>\$12,483,931</b>	<b>\$11,607,949</b>	<b>\$11,929,065</b>	<b>\$12,345,765</b>

<sup>1</sup> Data Source: CBS reporting

Description	2005 Actual <sup>2</sup>	2006 Actual <sup>2</sup>	2007 Actual <sup>2</sup>	2008 Projected <sup>2</sup>	2009 Forecast	2010 Forecast	2011 Forecast	2012 Forecast
Distribution Circuit Fixed Bid Expenditures	\$3,516,557	\$3,461,600	\$5,408,500	\$8,798,106	\$8,164,000	\$7,265,960	\$7,556,598	\$7,858,862
Number of circuits cleared	59	80	125	159	157	157	157	157
Cost per Circuit	\$59,603	\$43,270	\$43,268	\$55,334	\$52,000	\$46,280	\$48,131	\$50,056

<sup>2</sup> Data Source: Forestry Operations records



**Transmission** - Increases in 2005 and 2006 due to NERC adopted reliability standard FAC-003-1. 2007 and forward show slightly declining costs attributable to cost efficiencies of IVM offset by higher clearing costs.

**Distribution** - Sharp increases through 2008 to achieve a 4 year system cycle time. Years 2009 and 2010 have decreases resulting from lower average cost per circuit achieved through reaching the 4 year cycle. Years 2010 and beyond have cost increases reflective of anticipated contractor cost inflation.